

# Service-Level Budgeting

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# Service-Level Budgeting

As required by the Fiscal Year 2005 Budget Requirements Resolution of 2004, the District has developed service-level budget information for 20 services as part of the FY 2005 Budget and Financial Plan. The agencies and the 20 services are listed below:

## Office of the Corporation Counsel

- Establishment of Paternity and Support and Enforcement of Support Order Litigation

## Metropolitan Police Department

- Responding to Calls for Service
- Office of the Assistant Chief for ROC-Central
- Executive Protection Unit
- Homicides, Assault with Intent to Kill, and Major Crimes Investigations
- Family Liaison Unit
- Auto Theft
- Witness Protection
- Recruiting
- Force Investigation Team

## Fire and Emergency Medical Services Department

- Advanced Life Support Services

## Department of Corrections

- Employee/Vendor/Volunteer Background Screenings
- Contraband Search and Seizures
- Escorted Trips
- Release Plans
- Preventive Maintenance Program
- Housekeeping, Clothing and Bedding Supplies
- Substance Abuse Programs

## Office of the Chief Medical Officer

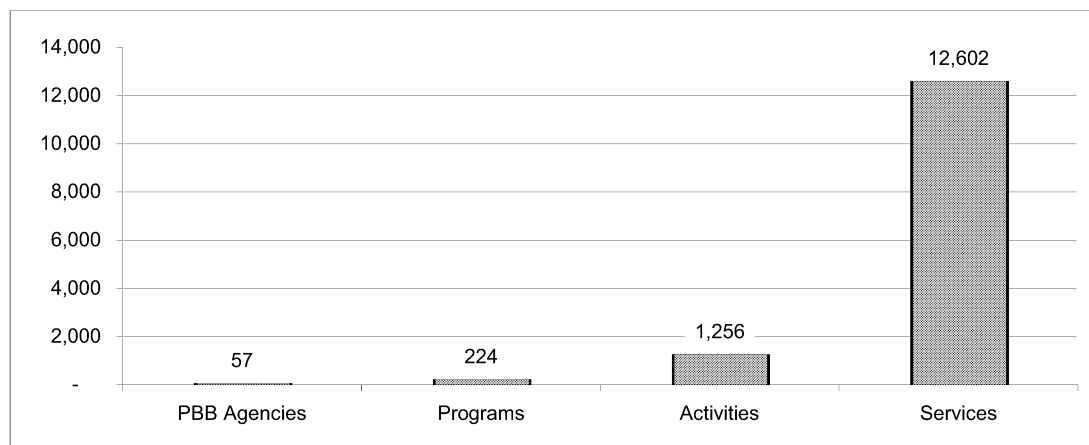
- Death Certificates
- Autopsy Reports

## Background

The representation of service-level functions is possible as a result of the development of agency program structures as part of their agency strategic business plans in the performance-based budgeting (PBB) process. PBB requires agencies to organize the work that they perform into programs, activities, and services. Agencies manage programs, programs are made up of activities, and activities consist of services. On average, there are about 10 services for each activity and six activities for each program in the 57 agencies that have transitioned to PBB (See figure 4-1).

Figure 4-1

### Total number of PBB agencies, program, activities, and services in the 2005 Proposed Budget.



## Methodology

As these 20 service-level budgets were developed to comply with the FY 2005 Budget Support Act, several assumptions about personal services and allocation of staff resources to one service versus another had to be made. Likewise, assumptions had to be made about nonpersonal services to have a basis upon which to allocate the activity-level NPS budgets to the various services.<sup>1</sup>

## Conclusions about Service-Level Budgeting and the District of Columbia

Service-level budgeting can have value in informing stakeholders about the operations of government. It assists in identifying program cost drivers and unit cost information that may then be used to make more informed budget and management decisions. However, developing service-level budgets for more than 12,000 services presents a monumental operational and resource challenge.

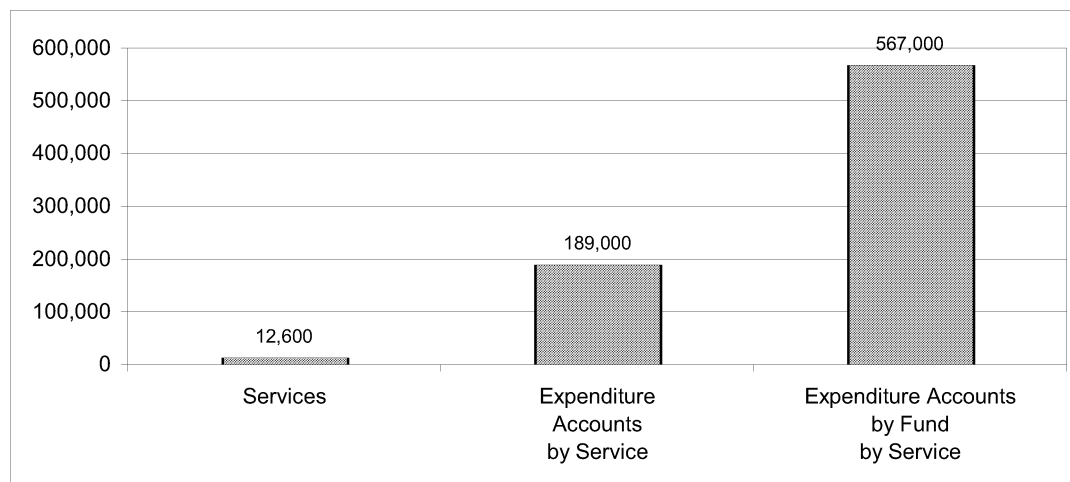
It is necessary to also acknowledge the additional accounting requirements associated with service-level budgeting. Currently, it is possible to have up to 15 expenditure accounts (object classes) for each service. This equates to more than 189,000 expenditure accounts for the approximately 12,600 services. In addition, there are six different fund types. Assuming an average of three fund types per agency, the possible number of expenditure accounts could exceed 567,000 for the approximately 12,600 services (see Figure 4-2).

<sup>1</sup> Assumptions specific to each service are provided in the Methodology and Assumptions section for each agency.

To add to this complexity, what is described above only looks at one aspect of an agency's operation. To

Figure 4-2

## Number of Services and Expenditure Accounts



obtain a complete picture of service-level budgeting's resource requirements, one must also look at the impact on allocating FTEs to services. It is not only possible, but also highly probable that an FTE will be performing more than one service.

Lastly, we have only discussed the expenditure side of service-level budgeting and accounting. What has not yet been addressed is the impact of assigning revenues to service.

While every opportunity will be taken to leverage the District's technology investment in ASMP (PASS, ARGUS, etc.) to automate service-level accounting, there will be some increase in administrative costs that will be included in the District's operating budget for FY 2006 and beyond. It should be noted that the ACFO operation for the Public Safety and Justice cluster includes one additional FTE to support service-level budgeting and accounting.

One approach to circumventing some of these challenges is to narrow the focus to critical services provided by the District's agencies. Many criteria are available to help identify such critical services, including:

- **Dollar threshold** - The service should be important with a substantial budget. Rather than spending effort on services with few dollars, we would want to focus on services most important to District residents and stakeholders.
- **Policy significance** - Similarly, we would also want to focus on policy areas of significance. Not all services are equally important. For example, hypothermia services would be of greater policy significance than letter routing and tracking in the Agency Management program.

## How to Read the Service-Level Budgets

The following pages contain worksheets with service-level budget information for each of the 20 specified services. Budget information is provided for each of the activities containing one or more of the 20 specified services. At the top of each worksheet is activity level information, minus the identified service(s) within that activity. Below the activity detail, service level information is provided for the selected service(s). The sum of the activity budget and the service(s) budget(s) equal the total activity budget. The methodology for identifying the service level budget details varies by service based on the size and complexity of each agency. Therefore, an explanation of the methodology for identifying the service-level budget detail is provided for each agency. The budget detail includes the following types of information:

- *Agency Code and Name*
- *Comptroller Object* - Identifies the specific type of expenditure within personal services and nonpersonal services categories.
- *Fund Detail and Name* - Identifies the fund type supporting the expenditures.
- *FY 2004 Budget and FTEs* - Approved expenditures and full-time equivalent positions for FY 2004.
- *FY 2005 Budget and FTEs* - Proposed expenditures and full-time equivalent positions for FY 2005.